REPORT OF THE COMMITTEE ON ACCOUNTING AND RECORDS

COMMITTEE FOR 1926

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FIFTH REPORT OF THE COMMITTEE ON ACCOUNTING AND RECORDS

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PREFACE

At the 1921 annual meeting of the American Hospital Association at West Baden the Committee on Accounting and Records submitted its first report to the members, the Committee having been appointed in the spring of that year. That report attempted to establish certain principles and outline for purposes of discussion of certain procedures that were believed essential to the efficient operation of any hospital.

The second report was submitted in 1922 and dealt entirely with the annual report of the hospital. It recommended the adoption of a uniform annual report and outlined its minimum requirements.

The third report was submitted in 1923. It contained specific recommendations on the question of the treatment of statistics in maternity hospitals and also called attention to the desirability of a prompt compilation of all statistics in order that the data might be available for study as soon after the close of an operating period as possible.

The fourth report was submitted in 1924. Its purpose was to amplify certain principles that had been established and to present certain minor changes that experience had demonstrated were desirable.

This, therefore, is the fifth report. There has been a demand for a continuation of the work of the Committee. The first issues of the report have been exhausted. There are those who have misunderstood certain recommendations in the previous reports. In the judgment of the Board of Trustees it was desirable not only to consolidate previous reports but to amplify and further discuss fundamental principles. This, therefore, is first: a compilation of information con-

tained in all previous reports, which of necessity entails considerable repetition; and second: a further discussion and elucidation of methods of procedure.

It is desired in the beginning to reiterate and emphasize those principles which are believed to be basic, the acceptance of which is necessary to establish a common understanding. The purpose of any system of accounts and records are two-fold, e. g.: first, that there be a permanent record of the work performed; and second, that these records may furnish a basis for study to evaluate past and improve future service. To accomplish these purposes it is essential that the records be systematic and orderly; that they contain sufficient detail to clearly portray the transactions recorded; and that they be so compiled as to furnish without great labor the data essential for comparison and study.

The previous reports have received their full measure of comment and criticism. It would be presumptuous to suggest that any system recommended would be applicable in detail to all hospitals, but it is believed that the principles established are applicable and are essential to the efficient operation of any hospital no matter how small it may be. The conduct of every successful enterprise largely depends upon the use made of past experiences, therefore there can be no argument as to the justification of the expense involved in keeping accurate and complete records. The complexities of hospital operation call for various kinds of records and the only argument that may enter into the discussion of them is that concerning intimate detail. While any institution having elected to follow the principles indicated may readily devise its own recording procedure, individual hospitals will obtain most benefit if the records they maintain can be compared with those of similar institutions. Therefore, if some uniform method is used by all hospitals, the greatest benefit will accrue to all of them.

The report this year is arranged and presented in the logical divisions of hospital services.

ADMINISTRATION

There are grouped under this heading the following divisions:

Accounting
Admission and Discharge Service
General Service
Information Service
Medical Record Service
Reports and Analysis
Budget Preparation
Annual Report

ACCOUNTING

The accounting system of a hospital should as a primary requisite be simple so that its cost of maintenance is not prohibitive. At the same time it should contain all essential data to insure a complete record and a compliance with good business practice. The system outlined here is quite simple, but gives in detail only those procedures that are peculiar to hospital operation. It is therefore advised that when using this report as a basis for establishing or revising accounting systems, the services of experienced accountants be retained.

The system recommended provides for a journal; for control of cash receipts and disbursements; proper method of vouchering, and accurate payroll accounting. In the recording of patients' accounts it provides for a control of postings; for simplicity in reporting special charges. The method outlined, if followed, will insure a maximum of efficiency in the collection of accounts.

Two basic divisions of hospital accounting are recognized and accepted by your Committee: Corporation Accounting and Operating Accounting. Inasmuch as the Chart of Accounts is the basis upon which any efficient accounting and recording system is founded, your Committee deems it logical to present the chart of Accounts that was adopted in its last report. No changes have been made in this Chart of Accounts. Experience has shown it to be practical. Frequent revisions will tend to destroy its value. The maximum value of any Chart of Accounts lies in the opportunity it affords for comparisons of performance over a number of years. The flexibility of this chart will permit adaptations to varying conditions of individual institutions, and the Chart may readily be extended or contracted to meet those demands. As an illustration: If the institution is desirous of recording the cost of foodstuffs used in the maintenance of personnel, it is a relatively simple matter to add a 484 Account to provide for this segregation; if it is desired to divide the service and research expense of the Department of Laboratories, a 565 Account may be inserted, ad infini; if on the other hand it is desired to simplify the Chart, the 410 Account may be eliminated, the 450, 460 and 470 Accounts may be combined, likewise the 510 and 520 Accounts combined. These but illustrate the principle. The opportunity is present to adapt such modifications as are desired.

CHART OF ACCOUNTS

Corporation Accounts

100—CORPORATION INCOME

101—Income from Endowments:

If the policy of the institution is to have separate accounts

for the various endowment funds at their disposal, this can be accomplished by classifying from Account No. 101-1 to whatever limit is desired.

102—INCOME FOR SPECIAL PURPOSES:
This account to include all subscriptions, grants, donations and subsidies obtained for specific capital purposes, which are to be expended and not to appear permanently as cash in corporation assets.

103—RENTS:
To include income from the rental of property owned, but not used for hospital purposes, income from which is to be used for corporation purposes. Rental income used for operating purposes not to be included in this account.

104—MISCELLANEOUS:

200—CORPORATION EXPENSE

201—SALARIES:
To include salaries of secretary, treasurer and clerical assistants engaged exclusively in corporation business.

202—EXPENSE OF RAISING FUNDS FOR CAPITAL EXPENDITURES:

203—EXPENSE FOR SPECIAL PURPOSES:
To include items incident to the expenditure of funds received through Account No. 102.

204—INTEREST ON MORTGAGES OR LOANS:
To include expenses incident to interest payment on corporation loans.

205—MISCELLANEOUS:

OPERATING ACCOUNTS

300—OPERATING INCOME—HOSPITAL

NOTE. Alternate schemes of operating income accounts are submitted. Scheme No. 1 provides for the division of income as between pay and part pay patients only. Scheme No. 2 provides for the division between the various special services for which charges are made.

SCHEME NUMBER ONE

301—BOARD OF PAY PATIENTS:
To include charges made to all patients whose rate encompasses the full cost of care. The account should be credited with all charges made to this class of patients, such as operating room, delivery room, board of special nurses, X-ray and all other special charges.

302—BOARD OF PART PAY PATIENTS:
To include charges made to all patients whose rate is less

than the full cost of care. Special charges made to this class of patients should also be credited to this account.

303—Endowment Income:
To include all funds received from endowments which may be used for operating expenses.

304—Subsidies:
To include all funds received from Community Chests, governmental agencies, etc.

305—Donations:
To include all donations which may be used for operating expenses. It is recommended that a monetary value be placed on all donated commodities, and that such sums be credited to this account.

306—Interest and Discounts:
To include all receipts of moneys from interest on operating funds on deposit and discounts earned incident to the payment of operating expenses.

307—Miscellaneous:
To include all items of income not provided for under specific headings.

Total Hospital Income.

308—Out-Patient Income:
To include all earnings from operation of Out-Patient Department.

Grand Total Income from Operation of Institution.

SCHEME NUMBER TWO

301—Board of Patients:
To include all charges made to patients for room accommodation. All special charges accounted for under other classifications.

302—Operating Room.
303—Delivery Room.
304—Emergency Service.
305—Anesthesia.
306—Board of Special Nurses.
307—X-ray.
308—Laboratory.
309—Drugs.
310—Dressings.
311—Telephone and Telegraph.
312—Endowment Earnings.
313—Subsidies.
314—Donations.
315—Interest and Discount Earned.

316—Miscellaneous.

Total Hospital Income.

317—Out-Patient Income.

Grand Total Income from Operation of Institution

400—500—600—OPERATING EXPENSES—HOSPITAL

400—ADMINISTRATIVE:

401—Salaries:

To include salary of superintendent, assistant superintendents, office employees, telephone operators and all others whose duties are confined to this department.

402—Supplies:

To include all supplies for administrative purposes, including postage. Not to include cost of medical forms.

403—Telephone and Telegraph:

To include telephone rental, telegrams and expenses of a like nature.

404—Insurance and Bonds:

To include all insurance expense, such as premiums for surety bonds, liability insurance, fire insurance, workmen's compensation, boiler insurance, ad infinitum.

405—Replacement and Repair:

To cover items of renewal of equipment and repairs to equipment of this department.

406—Miscellaneous:

To include all items of expense for administrative purposes not provided for under specific headings.

Total Administrative Expense.

410—Purchase and Issuance:

411—Salaries:

To include salaries of purchasing agent, storekeepers, storeroom clerks, helpers, etc.

412—Supplies:

To include such supplies as are used in the storeroom.

413—Replacement and Repair:

To cover all items of renewal of equipment and repairs to equipment of this department.

Total Purchase and Issuance Expense.

420—HOUSEKEEPING:

421—Salaries:

To include the salary of matron or housekeeper, assistants, porters, scrubwomen, and all others engaged in housekeeping services in the hospital proper.

422—Supplies:

To include cost of soaps, scouring powders, mops, scrub

pails, wringers, toilet paper, paper towels and all cleaning materials.

423—CLOTHING AND BEDDING:
To include all linen, bedding, mattresses, pillows, uniforms for employees (exclusive of nurses' uniforms), clothing for patients, and other items of similar nature.

424—REPLACEMENT AND REPAIR:
To cover items of renewal of equipment and repairs to equipment of this department.

425—MISCELLANEOUS:
To include all items of expense for housekeeping purposes not provided for under specific headings.

TOTAL HOUSEKEEPING EXPENSE.

430—LAUNDRY:

431—SALARIES:
To include the salaries of the laundry supervisor and all employees used exclusively for laundry service, including the salaries of individuals used in delivering laundry.

432—SUPPLIES:
To include the cost of laundry soaps, sodas and all other supplies used in the laundry.

433—REPLACEMENT AND REPAIR:
To cover items of renewal of equipment and repairs to equipment of this department.

434—MISCELLANEOUS:
To include all items of expense for laundry purposes not provided for under specific headings.

TOTAL LAUNDRY EXPENSE.

440—HEAT, LIGHT AND POWER:

441—SALARIES:
To include salaries of chief engineer, engineers, firemen, oilers, and all others whose duties are confined to this department, exclusive of maintenance employees.

442—FUEL:
To include the cost of fuel used for either heating or power purposes. (Note division of expense of fuel for cooking purposes, under Account No. 580, Dietary).

443—OIL AND WASTE:
To include cost of engine and cylinder oils and cost of comparable engine room supplies.

444—LIGHT AND POWER:
To include any expense incident to the purchase of electric current.

445—Replacement and Repair:
To cover items of renewal of equipment and repairs to equipment of this department.
446—Miscellaneous:
To include items of expense for heat, light and power purposes not provided for under specific headings.
Total Heat, Light and Power Expense.

450—MAINTENANCE AND REPAIR:
451—Salaries:
To include the salaries of maintenance men, electricians, plumbers, carpenters, painters, etc., etc.
452—Supplies:
To include all supplies incident to general maintenance and repair, and extra parts purchased for such renewals. Not to include supplies and parts for departmental repairs.
453—Extraordinary Maintenance:
To include all expense incident to major repairs made under contract.
454—Miscellaneous:
To include all items of expense for maintenance and repair purposes not provided for under specific headings.
Total Maintenance and Repair Expense.

460—MAINTENANCE OF GROUNDS:
461—Salaries:
To include salaries of yardmen, gardeners, farmers, watchmen, etc.
462—Supplies:
To include all supplies, seeds, loam, fertilizer, etc.
463—Replacement and Repair:
To include all items of renewal of equipment and repair of equipment of this department.
464—Miscellaneous:
To include all items of expense for maintenance of grounds not provided for under specific headings.
Total Maintenance of Grounds Expense.

470—GARAGE:
471—Salaries:
To include the salaries of chauffeurs and garage attendants.
472—Supplies:
To include gasoline, lubricants, tires, etc.

473—Replacement and Repair:
To include all items of renewal of equipment and repairs to equipment of this department.
474—Miscellaneous:
To include all items of expense of garage not provided for under specific headings.
Total Garage Expense.

480—MAINTENANCE OF PERSONNEL:

481—Salaries:
To include salaries of matron, maids, porters, etc., whose services are used exclusively in the maintenance of personnel quarters.
482—Supplies:
To include all supplies used in the maintenance of personnel quarters.
483—Replacement and Repair:
To include all items of renewal of equipment and repairs to equipment of this department.
Total Maintenance of Personnel Expense.

490—NURSING CARE:

491—(1) Salaries of Supervisors:
To include proportion of salaries of the principal, assistants, secretary, head nurses, etc.
491—(2) Salaries of General Duty Nurses:
To include salaries of all graduate nurses on general duty, and of any special nurses employed by the hospital.
491—(3) Allowance to Student Nurses:
To include all monetary allowance made to student nurses.
491—(4) Salaries of Attendants:
To include salaries of attendants, orderlies and other nursing assistants.
491—Total Salaries:
To show total salaries paid in this department.
492—Supplies:
To include all supplies of a strictly departmental nature.
Total Nursing Care Expense.

500—TRAINING SCHOOL FOR NURSES.

501—Salaries:
To include proportion of salaries of principal, assistants, instructors, secretary, head nurses, etc.

502—Special Courses and Lectures:
To include any items of expense for special courses of instruction and lectures.

503—Uniforms and Text Books:
To include expense of uniforms, text books, etc., supplied to student nurses.

504—Recreation:
To include all items of expense incident to entertainment and recreation of the student body.

505—Supplies:
To include costs of catalogues, stationery, advertising, charts, manikins, teaching apparatus and all other items of a strictly departmental nature.

506—Miscellaneous:
To include all items of expense for training school purposes not provided for under specific headings.

Total Training School Expense.

510—PHARMACY:

511—Salaries:
To include salaries of pharmacists, assistants, etc.

512—Drugs:
To include expense of drugs and chemicals for therapeutic purposes.
Not to include rubber goods, gauze, etc.

513—Pharmacy Supplies:
To include cost of containers, labels and other pharmacy equipment.

Total Pharmacy Expense.

520—MEDICAL AND SURGICAL SERVICE:

521—Salaries:
To include the salaries of medical house officers, interns, etc.

522—Instruments:
To include the cost of instruments and apparatus for clinical purposes.

523—Supplies:
To include the cost of gauze, rubber goods, enamel ware, adhesive, etc.

524—Replacement and Repair:
To include all items of renewal of equipment and instruments and repairs to these items.

525—Miscellaneous:
To include all items of expense for medical and surgical service not provided for under specific headings.
Total Medical and Surgical Expense.

530—MEDICAL RECORDS AND LIBRARY:
531—Salaries:
To include salaries of medical statistician, librarians, and others engaged in the care of medical records and library.
532—Books and Periodicals:
To include subscriptions to current journals, purchase of books, binding, etc.
533—Supplies:
To include the cost of medical record forms, and other supplies used in this department.
Total Medical Record and Library Expense.

540—ANESTHESIA:
541—Salaries:
To include salaries of anesthetists.
542—Supplies:
To include cost of anesthetic material, etc.
543—Replacement and Repair:
To include all items of renewal of equipment and repairs to equipment of this department.
Total Anesthesia Expense.

550—X-RAY:
551—(1) Fees:
To include fees paid to roentgenologist, where compensation is on a fee basis.
551—(2) Salaries:
To include salaries paid to technicians, stenographers, orderlies, etc.
551—Salaries:
To show total salaries paid in this department.
552—Supplies:
To include cost of films, plates, chemicals, etc., used in this department.
553—Replacement and Repair:
To include all items of renewal of equipment and repairs to equipment in this department.
554—Miscellaneous:
To include all items of expense for X-ray purposes not provided for under specific headings.
Total X-ray Expense.

560—LABORATORIES:

561—Salaries:
To include salaries of chief of laboratories, assistants, technicians, dieners and other employees of this department.

562—Supplies:
To include cost of chemicals, glassware, apparatus, experimental animals, etc.

563—Replacement and Repair:
To include all items of renewal of equipment and repairs to equipment of this department.

564—Miscellaneous:
To include all items of expense for laboratory purposes not provided for under specific headings.

Total Laboratory Expense.

570—SPECIAL THERAPY:

571—Salaries:
To include salaries of special therapeutists, assistants and attendants.

572—Supplies:
To include cost of all supplies incident to this departmental activity.

573—Miscellaneous:
To include all items of expense for special therapy purposes not provided for under specific headings.

Total Special Therapy Expense.

580—DIETARY:

581—Salaries:
To include salaries of dietitians, assistants, cooks, kitchen helpers, diet kitchen maids, waitresses and all other employees in this department.

582—Supplies:
To include the cost of china, table linen, cooking utensils, etc.

583—Foods:
To include the cost of foodstuffs, including their transportation.

584—Fuel:
To include expense of fuel for strictly cooking purposes.

585—Replacement and Repair:
To include all items of renewal of equipment and repairs to equipment of this department.

586—Miscellaneous:
To include all items of expense for dietary purposes not provided for under specific headings.
Total Dietary Expense.

590—SOCIAL SERVICE:
591—Salaries:
To include salaries of social workers and clerical assistants engaged exclusively in hospital proper.
592—Relief Accounts:
To include all expense for material relief.
593—Miscellaneous:
To include all items of expense for social service purposes not provided for under specific headings.
Total Social Service Expense.
Grand Total Cost of Operation of Hospital.

600—OUT-PATIENT DEPARTMENT:
601—Salaries:
To include salaries of administrative officer, salaried medical staff, social workers, nurses, clerical assistants, attendants, and other employees in the department.
602—Drugs:
To include such drug expense as is chargeable to out-patient activity.
603—Supplies:
To include all supplies used in the department.
604—Miscellaneous:
To include all items of expense for out-patient purposes not provided for under specific headings.
Total Out-Patient Expense.
Grand Total Cost of Operation of Institution.

100 and 200 Corporation Accounts

It is practically impossible to set up any uniform procedure for the handling of corporation accounts. Wide variations are encountered in the methods of organization of hospitals, and each form of organization will call for its own particular system. These are, however, of much less general interest to the hospital field than are the operating accounts, and they do not play the same prominent role in the study and comparison of hospital costs. Therefore, it is believed that the brief chart submitted for these corporation accounts will suffice to indicate how they are generally arranged and to serve as a guide to new institutions.

Corporation Income and Expense A-1

It is recommended that accepted commercial procedures involving the use of journals, cash books, ledgers, mortgage and stock records be used. The corporation problem is not and never can be uniform in a large number of our institutions, therefore no uniform procedures are recommended.

300—Operating Income

Alternate schemes for distributing items of income are provided in the Chart of Accounts in order that some latitude may be exercised by individual institutions in determining how their income should be distributed without, however, deviating too far from common practices. Some institutions feel that if their income is distributed in accordance with Scheme No. 1 it provides all of the detail necessary to make an intelligent analysis. Other institutions desire to know the source of revenue in more intimate detail.

In adopting one or the other scheme the difference between them must be recognized. Scheme No. 1 distinguishes only between earnings derived from pay and part-pay patients, and does not show in detail earnings accruing from separate hospital department or special charges. Scheme No. 2 does not distinguish between pay and part-pay patients. It includes under Board of Patients all earnings derived from charges made on the basis of room rate, and further shows the earnings produced by each service.

The practice is becoming more universal of dividing all patients into "pay," "part-pay" and "free." Under Scheme No. 2 it is difficult to evolve a system whereby an accurate division on this basis can be made unless duplicate accounts be set up for both "pay" and "part-pay" classes. It must be borne in mind that the classification of a "pay" or "part-pay" patient should be based upon a knowledge of the gross earnings derived from that patient, including earnings from room rental and of all special charges assessed.

Practice seems to be tending towards the establishment of a single charge for an "all inclusive" hospital service, rather than towards an elaboration of special charges. Your Committee for this reason favors Scheme No. 1 and urges its adoption by hospitals generally.

At this point it would seem appropriate to discuss the relative desirability of handling hospital earnings on a basis of potential income or cash collected (see definition of earnings). The system outlined provides for the assessment of charges at the established rates as the service is rendered, thereby providing a potential income figure. Experience has shown that this potential figure cannot be accepted at its face value in the computation of the balance sheet of the institution. Coincident with the adoption of this system there is a necessity for determining a proper percentage of total

earned income to be currently set aside as a reserve for doubtful or uncollectable accounts. This percentage will vary as between institutions. Experience alone will demonstrate what is the proper percentage to be charged off. This reserve should be established monthly in order that each month's operation will bear its proper proportion of collection failures. The reserve account should be adjusted from time to time as experience develops a knowledge of the proper percentage of total potential income to be charged into reserve. Into this reserve account should be charged all accounts that have been determined as uncollectable.

As contra to this is the system of handling all earnings on an actual cash collection basis. Such a system presumably gives to the administrator of the hospital a clearer picture of his cash position but does not permit of an analysis of collection efficiency, nor does it at any time permit of the control of patients' accounts.

Your Committee therefore recommends that earned income always be recorded on a potential basis and that a reserve for doubtful or uncollectable accounts be set up monthly, based on collection experience.

It is desired to call attention to a very unfortunate practice that exists in a great many institutions of carrying as current assets patients' accounts receivable for indeterminate periods of time. An uncollected patient's account of ninety days' dating has a very doubtful value. It is, of course, impossible to set up an arbitrary date beyond which all uncollected accounts shall be charged off, but it is desired to express the opinion that if the balance sheet of the institution is to be of any value, accounts receivable must be watched closely and charged off currently, in order to reflect the true financial status of the hospital.

In order that there may be a thorough understanding of the terms used, it is desired to clarify the meaning of the terms "earnings" and "income":

Earnings represent all charges made for services rendered. Earnings represent all potential income.

Income represents collections made on earnings assessed, plus amounts received from endowments, subsidies, salvage sales, etc.

400—500—600—Operating Expense

It is in the analysis of the Operating Expense Account that the greatest value accrues to the administrative officer. Income Accounts can, of course, be analyzed but they do not permit of the same degree of control. An understanding of the detail of Expense Accounts is prerequisite to efficient operation. Therefore it can be very clearly established that an analysis of Operating Expense Accounts is the key to economical and efficient operation.

Proration of Expense

The division of the expense of hospital operation presupposes that there is a desire on the part of the authorities of the hospital to know the actual cost of various departmental activities. It is reasonable, therefore, to assume that each department should be charged with the expense that properly belongs to it. To accomplish this it is necessary in some instances to prorate the salaries of various individuals between two or more departments. Where the service of any officer or employee is definitely divided between one or more departments a careful study should be made of the time spent in each department and the salary prorated on the basis of such division of time. Several instances where this may be indicated will readily appear. If the purchasing agent has duties in addition to those required in his own department, a division of his salary is indicated; where the housekeeper divides her time between the hospital proper, the dormitories, nurses' home and the laundry, her salary should be properly prorated to these various accounts. Similar instances will occur with regard to the principal of the school for nurses, her assistants, supervisors, head nurses, etc., whose time will be divided between Nursing Care and Training School. A proper division of their salaries should be made. The cost of food service for patients and personnel may be prorated between the Dietary Department and Maintenance of Personnel where separate facilities for food service are not provided.

The criticism may be made that this involves a great many accounting procedures without any reduction of expense or appreciable good being derived. It does involve additional bookkeeping, but it further presents an intelligent picture of the cost of a given service that is prerequisite to any efficient analysis of performance. The additional effort is not excessive after the necessary percentages have been established.

Handling of Deferred Charges

Attention is invited to Account 404, Insurance and Bonds. Insurance premiums cover a minimum of one year and in many instances three or five years' expense. It is eminently incorrect to charge an entire premium to any one month's operating expense. Therefore it is necessary to set up an account for such deferred charges and prorate monthly the proper expense incurred for this type of operating cost. There are other items of expense that may properly be interpreted of a like character. These should be treated accordingly.

Supplies purchased and placed in storage properly come under this category. This phase will be handled more in detail in another section.

ENUMERATION AND EXPLANATION OF FORMS

The original report contained as a integral part thereof certain forms suggested as necessary to the operation of the system. The symbols used in this report are identical to the symbols used in the original report. These forms are available either in the original report or by application to the office of the Association at Chicago.

A-2-A JOURNAL ENTRY SHEET—is necessary to insure a detailed permanent record of transactions which is not possible if one relies entirely upon the journal register A-2-A-1 and ledger. In order that it may be a uniform and complete record it is recommended that it contain a detailed explanation of every financial transaction other than the actual receipt and disbursement of cash. This compels a duplicate entry, but it is believed that the additional detailed explanation which is possible, with the inclusion of a journal entry sheet in the system, warrants the additional effort. Attention is called to alternate forms of Form A-2-A-1 Journal Register, providing a proper form for either of the suggested two methods of computing income.

LEDGER—No suggested form has been provided for a general control ledger. The standard form of ledger is adaptable.

A-2-B CASH BOOK (cash receipts and distribution thereof). The cash receipt record provides for the distribution of receipts at the time of the transaction rather than relying on the segregation of amounts in the proper accounts at the termination of an operating period. The system is simple, is strictly in accord with good accounting practice, and its inclusion is predicated upon the belief that once having been established its operation will not require as much effort as will other systems.

NOTE: *Attention is called to alternate forms for Form A-2-B Cash Book. The form to be used by the individual hospital will be determined by the system of distribution of cash receipts adopted by them.*

A-2-C CASH RECEIPT. This form is prepared in duplicate, the original being given to the individual making payment, the duplicate acting as original record of cash received. The detail of this entry is posted to Form A-2-B and also to individual patient's ledger sheet. Form A-2-N.

A-2-D CASH BOOK. It is on this form that bank balances are kept and vouchers listed as issued. Distribution of expense is to be listed on Form A-2-E, Voucher Register and Expense Distribution.

A-2-E VOUCHER REGISTER AND EXPENSE DISTRIBUTION. This form is submitted as a logical method of distributing hospital expense and is a double sheet form of standard size. The headings are predicated upon the Chart of Accounts.

It is necessary that in conjunction with this system a monthly inventory of unissued supplies (either book or physical) be taken. It is contemplated that the same classification of accounts shall be used in the storeroom as is used in the financial records. It is contemplated that there be an inventory figure as of the first of a given period for each of the stores supply accounts; that the inventory figure, plus the charges or purchases during a given period, minus inventory figure as of the last day of that period, shall be the expense charge to the account for the period.

A-2-F Petty Cash Memorandum. This form is to be used as supporting evidence in the preparation of voucher check for reimbursement of petty cash. The completed petty cash voucher check should be entered and distributed in voucher register A-2-E.

A-2-G. The voucher payment system is recommended on the assumption that each disbursement should be covered by a complete record. The voucher should show the gross amount of expenditure, discount or allowance if any, net amount of charge, distribution to expense, name and address of payee, and should be supported by copy of the purchase order or other detail of expense, copy of receiving slip, vendor's delivery or packing slip and invoice, which should be certified as to the correctness of receipt, price, terms, extension and total. Duplicate copy of the voucher should bear certification of the accounting department and the administrative officer of the institution as to the correctness of all procedures and should be filed intact with supporting evidence as a permanent record.

A-2-H Voucher Index. This index is provided upon the assumption that duplicate vouchers are to be filed in chronological order, and furnishes a ready reference by name of payee.

A-2-I Payroll Check. It is recognized that there are several methods of handling the payroll account of an institution. There is submitted a system for payment of all salaries and wages by means of checks under one voucher number, this voucher to be in detail and regularly drawn upon an amount which has been deposited in a separate payroll account in order to facilitate balancing payroll items. This voucher should also show distribution of the various charges to the proper accounts in accordance with the Chart of Account.

A-2-J Departmental Payroll. This form provides basis for the originating of payroll checks and should be supported by either departmental time book or time clock cards.

Accounting—Patients

A proper system of handling patients' accounts is based upon an absolute knowledge of the patient's census and of controlling posting to patients' accounts by some such method as is recommended. It is believed that the practice in vogue in many hospitals of not controlling their postings produces a potentiality for loss of revenue through failure to include all proper postings, and, further, does not guarantee to the Board of Trustees and through the Board to the community any assurance as to the accuracy or honesty of the personnel responsible for the operation.

The forms set up under this heading are predicated upon a daily posting of charges and the necessity of tying up the hospital's physical census with the accounting system. It is further contemplated that special charges, if any, shall be originated once daily by each department head, and that these in turn shall be written into the control accounts of the institution in order that the hospital's accounts may be in balance daily.

A-2-K Recapitulation of Admission and Discharges (24 Hour Report). This report is merely a resume of the patients' register (provided under C-1-C) and should be used as a basis for making all charges to patients; in other words, the twenty-four hour report of admissions should be the basis for orginating ledger cards and the report of discharges should be the basis for completing ledger cards.

A-2-L Memorandum for Special Daily Charges. It is contemplated that these reports be originated daily by each department head from whom special charge for patients' service is to be submitted. In the event that there are no special charges, one of these forms so noted should be rendered.

A-2-M Guarantee of Payment. The collection of patients' bills always has been and always will be a source of worry to hospital administrators. The form suggested recognizes the value of the signed acceptance of an obligation. This in itself, of course, is not sufficient. There is the desirability, in fact the necessity, for an orderly, uniform, organized method of watching the collection of patients' accounts.

A-2-N Patients' Ledger. The form submitted is a card system. Under supplemental forms is shown a form for use in connection with billing machines.

A-2-O Bill Head. A simplified form, applicable to all purposes.

There is listed below for purposes of ready reference supplemental forms suggested for use in connection with various accounting procedures. These are included to complete the report. They are in no sense of the word an integral part of the system.

AA-1—CAPITAL ACCOUNTS

AA-1-A Journal.
AA-1-B Ledger.
AA-1-C Mortgage Record Book.
AA-1-D Stock Record Book.

The four above forms are ordinary commercial accounting forms. There is no necessity of using any other than standardized accounting forms.

AA-1-E Form of Bequest and Contribution. No stipulated form is recommended, but the principle of having bequests and donations come to the hospital unrestricted as to their usage is to be advocated. A great many hospitals are now confronted with the difficulty of having their contribution and bequest accounts in such complicated shape that it is impossible to administer them with any degree of accuracy.

AA-2—OPERATING ACCOUNTS

AA-2-A Bank Deposits in Duplicate for Treasurer. No form is submitted for this purpose, as it is believed that the banks will be very glad to furnish duplicate deposit slips, which can be certified by the teller of the bank and the duplicate mailed to the Treasurer, rather than going to the expense of printing special form for this purpose.

AA-2-B Schedule of Cash Receipts for Treasurer. In this connection it is recommended that duplicate copy of the Superintendent's morning report, Form I-1-A, be mailed to the Treasurer. This will not only give him financial information, but vital information.

AA-2-C Voucher Schedule for Treasurer. This form is predicated upon the thought that the treasurer will reimburse the Operating Fund of the hospital in toto for vouchers passed by the administration, which have been vised and approved by the proper Committee of the Board.

AA-2-D. There is submitted payroll sheet for the purpose of providing for cash payment of payroll, which should be supported by departmental time book or time clock cards.

AA-2-E Payroll Cards Time Clock System. This form is submitted for guidance only. The time card used will depend entirely upon the make of time clock purchased.

AA-2-F Personal Expense Accounts. This form has been found to be very useful in a number of instances.

AA-2-G Patients' Ledger Card and Bill. These forms are to be used in conjunction with billing machine and are a combination ledger sheet and patient's bill.

AA-2-H Notice of Accounts Past Due.

Admission and Discharge Service

Forms provided under this general classification are predicated upon the principle that a unit system of filing will prevail throughout the institution, i.e. that all information pertaining to patients other than the patient's register will be filed as a definite part of the patient's history. Attention is called to the fact that the financial records are excluded from this category. In other words the system set up provides for one basis of filing financial records of the patient and another for filing the professional records.

C-1-A Application for Admission. No form is submitted. For guidance see supplemental Form CC-1-B.

C-1-B Information Card. Two forms are submitted, one for filing in regular box card file, the other for filing in the visible celluloid covered files that are becoming so popular.

C-1-C Patient's Register. The Patient's Register is a record that is kept by practically all hospitals, but it alone is not sufficient. In addition to this chronological record, it is necessary to develop an alphabetical record (which is provided for in the information group). This alphabetical record should be used as the basis of reference during the time that the patient is in the hospital and it becomes the permanent key for future reference after the patient's dismissal from the institution.

C-1-D Ward Assignment Card. In order to carry out the principle of the system it is necessary that a patient's history folder be originated and it is suggested that this be the means of assigning to the ward rather than a special blank for that purpose.

C-1-E Patient's Valuables Envelope. Receipted envelope should be filed with patient's history as evidence or return of valuables.

C-1-F Patient's Clothes List. One copy of this form is given to the patient, the other accompanies his chart and is filed with it. Caring for patient's valuables and clothing should not be left to a hit or miss performance but be a matter of definite routine that will automatically take care of these very important pieces of work.

C-1-G Consent for Operation. It is recommended that, before adoption, this form be submitted to the legal advisor of the hospital for opinion.

The use of the written consent for surgical procedure in the case of patients under legal age is a protection to the surgeon and the institution and such consent should be insisted upon in all cases. In order to assist in obtaining such consent a special form was provided. It was included in the forms pertaining to admission of cases, because it was our opinion that in the majority of instances a responsible relative whose consent can be obtained will be present at this time.

C-1-H Accident Report. This form is in duplicate; original should be passed through administration and ultimately be filed with patient's chart. Duplicate remains in accident room.

More detailed information than that provided on the usual admission card is frequently desired concerning "accident" cases. Particularly is this so in the case of minor accidents, in which, after first aid attention, the patient leaves the hospital. These cases frequently assume a medico-legal aspect and detailed knowledge of their condition upon arrival at the hospital and the care and treatment given is therefore of great value and importance. It was for this reason that a form of report for use in the accident room was provided.

C-1-I Accident Room Register. If the form submitted under C-1-H is adopted, this register is unnecessary. Form C-1-I is submitted for guidance.

C-1-J Ambulance Slip. This form is in duplicate, original passes through administration. Duplicate remains in admitting room.

C-1-K Ambulance Register. If the form submitted under C-1-J is adopted, this register is unnecessary. Form C-1-K is submitted for guidance.

The discharge of patients is in a very large sense merely a reversal of the operation of admission. It means the retirement of all vital records of the patient and the closing of these records, plus, of course, such special procedures as are incidental in certain cases, such as report of death, permit for autopsy, etc.

C-2-A Patient's Release. When a patient leaves the institution against the advice of his physician, the institution can properly ask to be relieved of further responsibility in the case. A form clearly stating the situation may be used, but the legal advisor of the institution should be consulted in its preparation. The form included may be used as a guide, for it is now being used by a number of institutions. Its value in the event of law suits against the hospital will naturally depend upon the circumstances in any given instance.

C-2-B Patient's Discharge. This form is not recommended as essential. It is included for guidance.

C-2-C Reference for Further Medical Treatment. This form is designed to encourage co-operation between the family physician or other agencies and the hospital.

C-2-D Report of Death.

C-2-E Mortuary Tag. This tag should be attached to the body by the nurse before sending it to the mortuary.

C-2-F Permission for Autopsy. It is important that written consent be obtained before any post-mortem examination is made. A suggested form for this purpose was included, but through

an error of omission no space was provided on that form for the signature of the person securing the consent. This we believe is an important signature. It should be signed not only by the nearest responsible relative of the deceased, but by the superintendent or some properly designated officer of the institution and the pathologist should insist that such written consent be in his hands before any autopsy is started.

C-2-G Undertaker's Orders. This form is designed to fulfill three purposes. 1. Death register; 2. Undertaker's orders; 3. Receipt for body. It should be printed in duplicate.

Superintendents may feel that because of the size of their institutions some of these procedures are not necessary. It is believed that this contention cannot be successfully maintained. The essentials of these records must be kept if there is to be an accurate record of volume of service performed, and a record of any value when need of protection occurs.

Information Service

Many are the complaints heard concerning the information service of hospitals. It is highly essential that the person whose duty it is to answer requests for information concerning the condition of patients be in possession of complete data concerning them. In the small hospital, where every patient is personally known by most of the personnel, this will not be difficult, but in the hospital of 100 beds or more, a definite scheme for furnishing this data should be installed. Forms for this purpose are suggested, but they should be supplemented by frequent telephonic information from the nursing unit, especially in all serious cases.

C-3-A Notification of Admission. It is contemplated that upon admission of the patient Form C-1-B be originated by the Admitting Room, and that Form C-1-B immediately be sent to the Information Desk for the purpose of originating ledger card and for the purpose of information. See forms submitted under C-1-B.

C-3-B Memorandum of Patient's Condition. This form is inserted with reservations. It is believed that any hospital using a form of written report of patient's condition without supplementing it with accurate, immediate, telephone information from the nursing unit is creating a possible source of incorrect information that in principle should not be countenanced.

C-3-C Visitors' Admission Card. This form is necessarily predicated upon local conditions and no specific form is recommended.

C-3-D Telephone Exchange Register. This register should pass daily to Accounting Department.

General Service

C-4-A Internal Transfer of Patient. This form provides for the immediate report of the transfer of the patient and should be used as supplemental to form C-4-B, which is the twelve o'clock midnight census report. It should ultimately be filed with the patient's history.

C-4-B Ward Census. The determination of a proper per capita cost is based upon accurate ward census reports.

The daily census should be computed by the following formula:

(1)	*Patients remaining in hospital midnight*	*(August 10)*	*200*
(2)	*Patients admitted to hospital*	*(August 11)*	*22*
(3)	*Births*	*(August 11)*	*3*
			225
(4)	*Patients discharged*	*(August 11)*	*10*
(5)	*Deaths*	*(August 11)*	*2*
(6)	*Patients remaining midnight*	*(August 11)*	*213*

The last item also represents the "day's hospital treatment given."

It frequently happens that patients are admitted and discharged on the same date. This formula does not credit a "day's treatment" for such cases, and they should therefore be added to the last total in determining the total "day's treatment" rendered on any given day.

This formula records the day of admission as a day of treatment. It does not record the day of discharge as a day of treatment. The method illustrated, however, is the logical method to use. Including both day of admission and day of discharge produces a false and exaggerated figure.

Actual calculation has proved that the Law of Averages applies, in the formula cited, to produce accurate statistics.

To obtain the total number of treatment days for any given period, the accepted formula is as follows:

To the sum of the midnight census for a given period, add the number of patients who were both admitted and discharged on the same date during that period.

This formula should be used in computing average per patient per day cost.

It has no bearing on charges to the patient.

The question of the method of handling of newborn census statistics and of their classification as between "pay," "part pay" and "free" patient days has been raised with sufficient frequency to warrant its being given special consideration. The third report of the Committee devoted considerable attention to the question. It believes that the discussions contained therein are pertinent and it

is desired to reiterate those recommendations, which were adopted at the 1923 meeting of the Association. Those recommendations were that newborn patient days be considered in compiling ward census figures the same as adult days, and that the newborn patient assume the same classification as to "pay," "part pay" and "free" as that of the mother.

C-4-C Census Register. See form submitted under I-1-A.

C-4-D Telephone Call.

C-4-E Employment and Employees Record. Some institutions combine their employment record and also record a payroll on one form. This, it would seem, would be desirable.

C-4-F Attending and House Staff Register. The use of a light or time clock system of register is becoming more general. It is suggested, however, that the attached forms are of extreme value in securing a permanent record of attendance.

C-4-G Operating Room Schedule.

C-4-H Operating Room Reservation.

Medical Record Service

We believe it to be essential to have a system of filing medical charts that will make them easy of access, and one which will not be cumbersome to operate.

Innumerable charts are being compiled each day in our institutions, but comparably few are being utilized after they have been completed. While the chart is probably of greatest use during the patient's residence in the institution, the great collection of charts in the filing rooms of our hospitals must contain a wealth of most valuable information. This data should be made more readily accessible and members of the attending staff stimulated to take greater advantage of the large volume of material available.

It has been recommended that we follow the Standard Nomenclature of Diseases and Pathological Conditions, Injuries and Poisonings for the United States, as published in 1920, by the Bureau of the Census, Department of Commerce, and that we file our Medical Records according to the outline of the International List of the Causes of Death, either as modified by Bellevue Hospital or by Massachusetts General Hospital. If these recommendations are faithfully followed and the diagnoses carefully made, then the tables of diagnoses and results published in Annual Reports will be of greater value. At present they are of little value when used as a basis for comparison. The forms suggested for use in filing the medical records will readily provide for index and cross-index to the files.

C-5-A Patient's Alphabetical Index. Inasmuch as it is assumed that the patient's history will be filed under the admission or

discharge number, it will be necessary to set up a mechanism for the purpose of locating a history by alphabetical index. This is the purpose of this card.

C-5-B Diagnosis Card. It is assumed that history will be filed under the admission or discharge number. Form C-5-B and Form C-5-C provide a mechanism for indexing and cross indexing diseases and complications.

C-5-C Complication Card.

C-5-D Loan Card. This form is designed to act as replacement in the files for borrowed histories. It can be used repeatedly.

C-5-E Followed-Up Card. Local conditions will govern the detail of this form. No specific sample is submitted.

In order that there may be a uniform understanding of obstetrical statistics the following recommendations, which were contained in the Committee's third report and adopted by the Association in 1923 are repeated.

Distinction between viable and nonviable rulings of local governmental agencies must govern. Rulings vary, placing viability at from five to seven months utero-gestation. If no rulings are in effect the following principle should govern: a child born so immature that no possibility for independent life exists should be classed as nonviable. The obstetrician should make the decision.

Distinction between Still Birth and Birth and Death.

Here again rule of local governmental agencies should govern. Where no rulings are in effect the following principle is recommended. A viable child born dead should be regarded as a still birth and as such should be recorded and reported as both a birth and a death. In annual statistical tables such cases should be treated neither as births nor deaths but under a separate heading of "still-births." A nonviable child should be recorded as an abortion or miscarriage only.

Professional Records

Perhaps more has been written on the question of professional records than on any other one phase of hospital operation. The report took as a basis for its discussion the belief that efficient medical histories were predicated upon an expenditure of energy rather than the development of elaborate forms, and recommended that there be but a few essential blanks used in the taking of medical histories. The Committee believes that its original recommendation was sound, and reiterates it at this time. There are, of course, special institutions and special services which will require a development of special forms, but if the institution will adopt the policy of using the simplest kind of history forms, it is believed the end results will be better than if complicated printed forms are used.

D-1—PATIENT'S HISTORY—GENERAL

D-1-A Head Sheet.

D-1-B Personal History. It is recommended that this form be used for the personal history, physical examination and progress notes. In making this recommendation the use of marginal directions, skeletal outlines, etc., have been avoided. Such data has been found to interfere with orderly procedure of history taking and to bias or limit the examination. In this connection each institution should adopt a standard procedure of history taking, but the printing of instructions for guidance on each record form is expensive.

D-1-C Standing Orders.

D-1-D Temperature Chart. This form also provides for recording weight, pulse, respiration, blood pressure, fluid intake and output, and excreta.

D-1-E Bedside Notes.

D-1-F Consultation Request.

D-1-G Anesthetic Chart.

D-1-H Operating Chart.

D-1-I Post-Operative Orders. No form is submitted. It is recommended that immediate orders be incorporated on Form D-1-H, and that subsequent orders be entered on D-1-C.

D-1-J Laboratory Consultation Request. (Blood Analysis, Graphic Blood, Urinalysis, Special Clinical Microscopy, Serological Analysis, Tissue Analysis.)

D-1-K Post Mortem Notes.

D-1-L X-ray Consultation Request.

D-2—PATIENT'S HISTORY—SPECIAL

Your committee believes that a large number of special forms is not necessary for efficient service. Simplicity is and always has been the keynote to success. It has, therefore, listed under Patient's History—General, those forms which, in a simple way, will give a complete history. It is recognized that various hospitals have special problems requiring special forms. Your committee warns against the hasty adoption of any such special forms. No attempt has been made to give a complete list of them. A number of special departments have been listed, and one or more examples of forms included.

D-2-A Dental.

D-2-B Dermatology. Special forms are not indicated. Form D-1-B with full data from a dermatological standpoint is recommended.

D-2-C Eye.

D-2-D Ear, Nose and Throat.

D-2-E Gynecology. Special forms are indicated. Form D-1-B, with full data from a gynecological standpoint is recommended.
D-2-F Hydro-Therapy.
D-2-G Internal Medicine.
D-2-G-1 Blood Transfusion (Donor's Record).
D-2-G-2 Heart.
D-2-G-3 Diabetic.
D-2-G-4 Metabolism.
D-2-H Neurology.
D-2-1 Obstetric.
D-2-J Special Therapy.
D-2-K Orthopedic. Special forms are not indicated. Form D-1-B, with full data from an orthopedic standpoint is recommended.
D-2-L Pediatric.
D-2-M Psychiatric. For general hospitals no special form is indicated. In special hospitals, type of service will govern selection of form.
D-2-N Radium.
D-2-O Tuberculosis. For general hospitals, no special forms are indicated. In special institutions, many of the general forms shown herein can be utilized. A special chart for chest examination is shown.

D-3—WARD ROUTINE

D-3-A Diet Chart.
D-3-B Medication Chart.
D-3-C Excreta Chart.

Supplemental Forms

CC—ADMINISTRATIVE

CC-1—ADMITTING SERVICE

CC-1-A Commitment. It is recognized that commitment forms are governed very largely by the legal regulations of individual communities. Therefore no sample is submitted.
CC-1-B Information for Patients. This form is submitted as a suggestion for the solution of a very definite problem in hospital administration. Local conditions will govern details.

CC-2—DISCHARGE SERVICE

CC-2-A Patient's Leave of Absence.
CC-2-B Register of Death. If form C-2-G is adopted, it will meet the requirements and this form will not be necessary. Sample is submitted for guidance.

CC-4—GENERAL SERVICE

CC-4-A Visitors' Register. It is recognized that in special instances a visitors' register is indicated. Form is submitted for guidance.

DD—PROFESSIONAL SERVICE

DD-1—PATIENT'S HISTORY GENERAL

DD-1-A Summary Sheet. Your Committee believes that a separate sheet or card is superfluous and recommends that the summary of patient's condition be included as a part of the last sheet of patient's history.

Analysis of Performance

Any recording system, whether it concerns professional, financial or administrative activity, is not productive nor does it approach its potentiality for good unless it furnishes a basis for the analysis of results. It is our belief that too much stress cannot be placed upon the necessity of having a routine mechanism for this purpose. Unless by arrangement an analysis of hospital records is made routinely, the tendency to neglect this very important phase of administrative duty, under pressure of other work, is very great.

It is, however, recognized that no committee is capable of setting up a uniform system for producing such an analysis, suitable to all types of institutions. There are certain basic principles applicable to any institution, and it is these principles with which the committee is concerned.

Current Financial Reports.

The number of institutions operating upon the basis of an annual budget continues to increase as the value of such a system of operation gains recognition. This method of financial control requires analysis of past performance and experience, together with diligent watchfulness of current expenditure and the careful preparation of programs for future operation and development. The funds must be distributed according to the varying requirements of the periods into which the year is divided. Experience in each instance will indicate the best way in which the year may be divided. Subdivision into monthly periods will, in most instances, be found to be the best for purposes of comparison.

The institution's financial needs will naturally vary from month to month, because of the irregularity of the hospital's activities. A detailed review of past and present financial experience and a careful study of the future program is therefore necessary in order to properly prorate the funds available, so as to anticipate the expense of operation and maintenance.

To obtain the best results it is imperative that financial reports be submitted promptly at the close of the month or other calendar subdivision. Unless the hospital's records are kept so as to permit of prompt financial statements they lose much of their value, even though they be entirely free of error. The board and the administrator are deprived of one of the greatest aids to economical and efficient management if they are not furnished promptly at the close of the period with accurate and detailed financial statements. Such records should show not only the facts concerning the finances during the period closed, but also a comparison with that of the same period during the preceding year or years.

The publication in annual reports of the certificates of certified public accountants to the effect that the hospital's accounts have been audited, indicates that many institutions recognize the importance of a disinterested and unbiased check of their financial records. While an annual audit may accomplish the primary object of such an examination, the accumulation of financial data is often such that the audit is not thorough or the final report is necessarily so long delayed that it has lost most of its value, unless some large discrepancy is exposed.

In order to obtain prompt financial statements and at the same time be assured of the accuracy of their records, some of our larger institutions are employing the "quarterly audit" sytem. At frequent and regular intervals audits of the records are made, and at the close of stated periods the auditor is prepared not only to submit financial statements prepared as the result of a careful and detailed check, but is in a position to make recommendations and give advice to the board, at a time when they may act to curtail or extend the activities of the institution during all or part of the remaining year. By this method of auditing the accountant is practically in continuous touch with the affairs of the hospital. He becomes intimately informed concerning the various institutional transactions and practices, and the value of his work is greatly enhanced.

The cost of obtaining a "quarterly" audit may be out of proportion to its value for the smaller hospital, though auditing firms usually charge according to the amount of labor and time involved and therefore the cost to the smaller hospital should be in proportion to that of the larger institution. In any event, it is practical and possible for every hospital to employ an efficient clerk or bookkeeper who can prepare accurate statements and so keep the records that such statements can be submitted promptly at the close of any stated period, so that they may in fact become a working basis for the administrator.

Your Committee believes that this is a subject worthy of most serious consideration and that adoption of this method of auditing

accounts will enable hospitals to obtain better control of their finances, and therefore submits it for your consideration.

I-1-A Daily Report to Superintendent. This form in duplicate can answer the purpose for which it is designed and also be used as a report to the Treasurer.

I-1-B Monthly Report. This for is intended primarily for the Board of Trustees, but is also of great value in acquainting Department Heads with the status of their accounts and in stimulating economy.

METHOD OF COMPUTING UNIT COST OF OPERATION

The patient day is the unit of service for the hospital. The method of computing the total of these units is explained on page 24 of this report. The average cost per patient per day is obtained by dividing the total operating expense by the total number days of care. The total operating expense of the hospital is the sum of the 400 and 500 Operating Expense Accounts. It should be noted that no Corporation or Out-Patient Expense Account should be included in this calculation.

The patient visit is the unit of service of the Out-Patient Department. The average cost per patient visit is obtained by dividing the total Out-Patient Department Operating Expense by the total number of visits. The total Out-Patient Department Operating Expense is the sum of the 600 Operating Expense Accounts. No Corporation or Hospital Expense Accounts should be included in this calculation.

Definition of Pay, Part Pay and Free Patient Day.

The division of patients as between "pay" and "part pay" patients must be made on a basis of the average performance. It cannot be considered individually. A consideration of the earnings from patients must include all sources of earnings, such as Board of Patients, Board of Special Nurses, Operating Room, in fact all types of special charges.

A pay patient is one whose average assessed charge per day equals or exceeds the average cost per patient per day.

A part pay patient is one whose average assessed charge per day is less than the average cost per patient per day.

A free patient is one against whom no charges are assessed, irrespective of the type of occupancy.

NOTE: Patients occupying endowed beds, against whom no charge whatever is made, should be considered as free patients.

1-2—Vital Statistics

I-2-A Day Book. This form provides in a comprehensive and concise manner sufficient information for any other than highly specialized institutions. The information thus obtained is easily derived from ward census reports and from memoranda from various department heads, and in order to be of the utmost value it should be posted daily. It will readily be seen that the use of this form can be extended to whatever degree the individual administrator may wish, for instance, a computation of the percentage of occupancy of a given ward, a determination of the total days of treatment of various classifications of disease, a division of occupancy by race or color, all are possible; and that such information will give the administrator a more complete picture of the institution's services.

I-3—Domestic Service.

I-3-A Day Book. The same legend is applicable as under Vital Statistics (I-2-A).

I-3-B Monthly Inventory of Unissued Stock. The accumulation of dead stock in a storeroom is a very large source of waste in the hospital. This can best be controlled by a monthly statement in detail. This statement can be obtained from the inventory record (Form B-1-F).

I-4—Professional Service

I-4-A Monthly Analysis Sheet. No better form for the analysis of professional results has been devised than this one which is used in many hospitals.

After discussion with superintendents, review of annual reports and other sources of information, the impression is obtained that the type of occupancy of our hospitals is undergoing a gradual but certain change. The percentage of free patients is decreasing. The number of those able to pay in part or in whole for their hospital care is increasing, a major portion of this increase being among those who are able to pay a part of their cost of care. The cost of operating a hospital, however, is increasing with greater strides than is this change in the volume of hospital income. There is, therefore, a marked widening of the gap between income and expense. To meet this hospitals are of necessity looking to subsidized income to a greater degree than ever before, with the consequent necessity of establishing a measure of community service for justification of such subsidy.

It is therefore deemed pertinent at this time to establish a formula for the financial measurement of community service. It is, of course, recognized that such an index will in no sense of the word be an

inclusive measure of the hospital's efficiency, but it will serve a very definite purpose.

Without any question the cost of rendering service to a free patient is a direct community charge. It would seem equally true that the difference between the cost of rendering service to the part pay patient and the actual cost of his care is also a community charge. Certainly the cost of operating the Out-Patient Department, after deducting any income that may be received from such operation is also a community charge. If the classification of patients is sound, then it is reasonable to assume that there will be a surplus from the care of pay patients.

Your Committee believes these statements to be fundamentally sound, and that therefore, assuming efficient management, the financial measure of community service is as follows:

1. *The number of free patient days multiplied by the cost per patient per day.*
2. *The number of part pay patient days multiplied by the cost per patient per day, minus the total earnings assessed against this group.*
3. *The number of pay patient days multiplied by the cost per patient per day deducted from the total earnings assessed against this group.*
4. *The net cost of operating the Out-Patient Department.*

The sum of items—1, 2 *and* 4 *less item* 3 *represents the financial value of services rendered to the community as a whole.*

This discussion is inserted here as an indication of the importance to the administrator of an intimate knowledge of the activities of his institution.

SUPPLEMENTAL FORMS

II—ANALYSIS OF INSTITUTIONAL ACTIVITY

II-1-A Dietitian's Report.
II-1-B Dietitian's Food Waste.
II-1-C Laundry Report.
II-1-D Engineer's Report.
II-1-E Chauffeur's Report.
II-1-F Night Watchman's Report.

These reports are shown under supplemental forms by reason of the fact that they are not of primary importance. Various detailed analytical figures may be more readily compiled by their use.

GRAPHIC CHARTS

The use of graphic charts in the analysis of institutional activity gives a more vivid picture of the institution's performance than any

other method that is known to the Committee. The Committee does not feel that they are called upon to advocate their use, but in several institutions where they are used, the results fully justify the expenditure of energy and they are called to your attention for consideration.

ANALYSIS OF INSTITUTIONAL ACTIVITY

With the acceptance of the basic principle that any system of recording and accounting has a twofold function, the second of which is that of analysis, it would seem that this department, if correctly used, offers a greater potentiality for good to the institution's activity than any of the other departments mentioned. It must be realized, however, that this department cannot function unless the other departments create the information that is essential to this activity. The department of analysis is merely a compilation of statistics that are currently created by every departmental phase mentioned in the previous chapters. The primary thought behind its creation is that the comparison of statistics must be a routine current procedure in order to be of value; that today we must know yesterday's performance in order to have an up-to-date picture of the activity, and the two day-books that are suggested are merely ledgers of other than financial activities compiled in a somewhat different form than are the financial. They serve in exactly the same manner in permanently recording the performance of the institution, and in offering a basis of analysis of that performance.

To know one's institution requires an intimate contact with every phase of its activity; to study the performance of the institution requires an accurate compilation of statistics that can be viewed for purposes of comparison. The centering of all of these various departmental reports in one set of records not only is desirable, but is absolutely essential to a complete understanding of the institution.

Budget Preparation

While it is true that the purpose of this report is somewhat foreign to a discussion of the mechanism of a budget, your Committee feels that this subject is so pertinent as to warrant incidental mention at this time.

Generally speaking, there is an erroneous conception of the character of a budget. Many feel that it is a financial transaction entirely, whereas, as a matter of fact, the financial phase of budget preparation is but one side of the problem, and the use of the budget goes far beyond the mere consideration of finance.

To the end that there may be a greater understanding of a budget, it is desired to quote the definition of a budget included in the report of the director of the budget to the Congress. That is,

"A budget system is nothing more nor less than an orderly procedure which requires a constant application of the best known principles of business conduct in the financial affairs of an activity, with the accompanying requisite of a continuous endeavor to keep these activities alive in the acts of the individuals charged with the operation of the system."

The entire system of recording not only all financial but all professional and service statistics and all the mechanism of analysis that is suggested in this report is necessary to the proper preparation and proper operation of a budget. A budget to be efficient must be lived with constantly. Its preparation must take into consideration every single phase of institutional activity. A consideration of the financial demands of the institution for a given period of operation of necessity must evaluate and establish service demands.

In order to reach its maximum of benefit, operating statements of the hospital, not only financial but service, must be watched continuously. The benefits of a budget are in direct ratio to the degree with which they are used. A properly prepared budget and the proper operation of an institution on a budget system is not possible of accomplishment without the right type of records and their proper analysis.

Annual Report

In order to discuss an outline for an Annual Report it is best to attempt to visualize the purposes and function of such report. Their prime object is publicity. Many reports as now compiled do not serve to the maximum of their ability, for the reason that they have not been designed with a full realization of the value of such publicity properly disseminated.

It is our belief that, to prove of greatest value, an Annual Report should at least serve the following purposes:

1. As a public report to the community of the institution's activities, both financial and professional.
2. As a permanent record to boards of trustees, auxiliary committees and other supporting bodies.
3. To serve as a basis for allocating subsidies in committees operating under a community chest or similar subsidy plan.
4. As a public recognition of contributions or donations, etc.
5. As a permanent record and public acknowledgment and recognition of the service of the various professional men and women connected with the hospital.
6. To convey to the medical profession in general information concerning professional services rendered.

7. To convey information to other allied groups, such as nurses, social workers, dietitians, etc., concerning such hospital activities as are of interest to them.

8. To convey information to the hospital and public health fields concerning the activities of the hospital and for purposes of comparison.

A review of a large number of Annual Reports prompts the suggestion that, if they are to serve the purpose of publicity, more attention must be paid to their compilation in order to improve their attractiveness and promote their appeal. The following points are worthy of careful consideration:

1. Size of Page. 2. Individuality of Cover. 3. Typography. 4. Arrangement of Contents. 5. Liberal Use of Illustrations, showing various activities.

It is impossible to submit a standard Annual Report that will serve every hospital or community. We desire to submit an outline of an Annual Report that includes information of prime importance. This outline, however, is not all inclusive and can readily be amplified to meet the needs of individual institutions without sacrificing any essential details.

OUTLINE OF CONTENTS

1. Table of Contents.
2. Names of Board of Trustees, Officers, Committees, Auxiliary Groups, etc.
3. List of Attending Medical Staff (designating rank and service).
4. Acknowledge of Gifts. (Form and type as determined by Board of Trustees; inserting prescribed form of Bequest at end of chapter).
5. Report of President of Board of Trustees.
6. Report of Treasurer:
   Corporation Accounts.—To show present and past years' figures for purpose of comparison.
   Statement A—Assets and Liabilities (showing all capital holdings, investments, etc.).
   Statement B—Income and Expense.
   Operating Accounts.—
   Statement A—Income (compare 2 years).
   To show in detail the following, according to Scheme 1 or Scheme 2 of the American Hospital Association Standard Chart of Accounts:

Scheme 1.	Scheme 2.
Board of Pay Patients	Board of Patients
Board of Part Pay Patients	Operating Room
Endowment Earnings	Delivery Room
Subsidies	Emergency Service
Donations	Anesthetics
Miscellaneous	Board of Special Nurses
	X-ray
	Laboratory
	Drugs
	Dressings
	Telephone and Telegraph
	Endowment Earnings
	Subsidies
	Donations
	Miscellaneous
Total Hospital Receipts.	Total Hospital Receipts.
Out-Patient Dept.	Out-Patient Dept.
(Itemize if desirable.)	(Itemize if desirable.)
Total Receipts.....	Total Receipts.....

Statement B—Expenses.

To show distribution of expenses (compare 2 years) in detail as follows, according to American Hospital Association Standard Chart of Accounts:

Administration; housekeeping; laundry; heat, light and power; maintenance and repair (buildings, etc.); maintenance of grounds (farm); nurses' home; garage; nursing; pharmacy; medical and surgical supplies; medical service; anesthesia; X-ray; special therapy; laboratory; commissary; dietary; social service.

Total Hospital Expenses..... $.....

Out-Patient Department (itemize if desirable)

Total Operating Expenses .....$.....

Statement C—Resume of Operating Accounts (2 years' Comparison)

	192..	192..
Total Income.....	$.....	$.....
Total Expense.....	$.....	$.....
Surplus or Deficit.....	$.....	$.....

7. Report of Administrative Officer.

We are of the opinion that the first part of this section should contain tables pertaining to certain vital statistics and that the remainder of the section should consist of detailed reports concerning the activities of the various departments of the hospital, such as

Nursing, Social Service, Dietary, Pharmacy, Laboratory and the Domestic and Mechanical Departments.

8. Statistical Tables (comparative tables for 2 years).

Table A—Service Rendered

	192..	192..
Census (last day, previous year)	.....	.....
Patients Admitted	.....	.....
Births	.....	.....
Total Patients Treated	.....	.....
Patients Discharged	.....	.....
Deaths, including still births	.....	.....
Census (last day present year)	.....	.....
(Total Days of Treatment Given) or Total Patient Days' Care	.....	.....
Normal Bed Capacity	.....	.....
Maximum Census (date)	.....	.....
Minimum Census (date)	.....	.....
Average Daily Census	.....	.....
Average Patient Stay in Hospital—Days	.....	.....
Number Deaths Within 48 Hours	.....	.....
Number Deaths (institutional)	.....	.....
Mortality Rate (excluding 48 hours' deaths)	.....	.....
Autopsies—number	.....	.....
Operations—Major—number	.....	.....
Operations—Minor—number	.....	.....
Total Hospital—Operating Expenses	.....	.....
Per Diem Per Capita Cost	.....	.....

Out-Patient Department

Number of Visits to O. P. D.	.....	.....
Number of New Patients	.....	.....
Average Number of Return Visits	.....	.....
Total Out-Patient Dept. Operating Expense	.....	.....
Average Cost per Visit	.....	.....

Table B—Financial Classification of Service

	Admissions		*Patient days*	
	192..	192..	192..	192..
Pay Patients	.....	.....	.....	.....
Part Pay Patients	.....	.....	.....	.....
Free Patients	.....	.....	.....	.....
Totals	.....	.....	.....	.....

TABLE C—PATIENTS DENIED ADMISSION.

	192..	192..
Because of Lack of Accommodation....	.....	.....
Referred to Non-Staff Physician.....	.....	.....
Communicable Diseases	.....	.....
Unsuitable (list causes)....	.....	.....
Hospitalization Unnecessary (referred to)	.....	.....
Total	.....	.....

TABLE D—ANALYSIS OF SERVICE

				192..		
Services	*Patients*	*Days' care*	*% Total Days' care*	*Patients*	*Days' care*	*% Total Days' care*
Medical						
Surgical						
Obstetric						
Specialties (list separately)						
Totals						

Following these statistical tables, insert the various departmental reports.

9. Report of Attending Medical Staff.
   1. A brief review of the work of the attending staff, including lists of special studies made and articles published by the staff—Clinical, Laboratory, X-ray.
      In the larger hospitals this section would probably be elaborated to show the various professional departments.
   2. Professional Statistics.

PURCHASE AND ISSUANCE

Emphasis was placed, in the original report, upon the necessity for a strong control of the purchase, storage and disbursement of all supplies. Your Committee does not believe that this point can very well be overemphasized. Approximately fifty per cent of the hospital's funds are used in the purchase of supplies. While it is essential that the quantity and quality of all supplies used be such as to promote efficiency of service, it is also necessary that due diligence be exercised in their use, in order to prevent waste.

The recommendations made seek to establish a mechanism in the institution comparable with similar mechanism in industry; one that will definitely organize the handling of supplies without imposing undue additional cost for the procedure.

The system of purchase suggested is predicated upon the belief

that all purchases should be made by specification, whenever possible, and upon a competitive basis; that a procedure as important as this should be a matter of record; that all purchases made should be confirmed in detail, in writing; and that there should be a continuous, comparable record of purchases of a given commodity over a period of years for the guidance of the individual responsible for purchases.

The system recommended for the storage and issuance of supplies is predicated upon the belief that the receipt of all goods should be acknowledged in writing; that a written inventory should be kept in order that accurate knowledge of performance may be available and in order that purchasing needs may be anticipated; that the control of issuance is strictly and solely an administrative function, and that, therefore, the disbursement of all supplies from store rooms should be made upon properly authorized written requisition.

These principles are basically sound, and we believe they are subject to little if any argument. With their acceptance the hospital, no matter how small, must adopt a system similar in nature to the one proposed.

B-1-A Quotation Sheet.

B-1-B Purchase Order. This form should be originated in triplicate, original to be sent to the vendor, duplicate to the storeroom and triplicate to the Purchasing Agent, to be used by him for follow-up purposes.

B-1-C Receipt. Original to be attached to invoice and be made a part of voucher, duplicate to be used as basis for entry on Inventory Sheet.

B-1-D Credit for Goods Returned. Original to be sent to Accounting Department for use as basis for credit; duplicate is retained in storeroom.

B-1-E Internal Requisition. It should not be forgotten that it is much easier to spend money inside the hospital than outside, therefore, the indiscriminate issuance of supplies without a definitely outlined system is productive of waste. An internal requisition system is just as important as a properly set up purchase system. All requisitions should be approved by the administrative officer, or properly authorized delegate, no matter how small the quantity of the commodity requested or the service to be rendered.

One of the greatest values of a proper system of internal requisitions is the control offered of breakage and replacement. The establishment of a system of exchange for this character of supplies with use of internal requisition form will be the means of effecting material savings.

B-1-F Inventory Form. A properly operated inventory is the basis of efficient storeroom performance. This operation is not a cumbersome one, and the results to be obtained will more than justify the energy necessary to its installation and operation. Such an inventory should show purchase order number, date of receipt, vendor, quantity of commodity, unit price, gross price, stock on hand, total distribution and detailed usage of each unit of the institution. Attention is called to forms submitted.

B-1-G Prescription Form. This form in duplicate may be used for alcohol and liquor issuance.

B-1-H Narcotic Records. (Issuance and Usage). These forms should be used, in order to comply with the Harrison Narcotic Law.

B-1-I Diet Order (General, Special and Nourishment). The upper section of the form is designed to show total dietary census of institution for guidance of Dietitian.

B-1-J Employees' Laundry List. This form is in duplicate, original to accompany laundry, duplicate to be retained by sender.

B-1-K Purchase Register. The possibility of duplication of purchase where there are a great many purchase orders issued is very great without the use of a purchase register. Such a register should contain Purchase Order Number, Date, Name of Vendor, Name of Commodity with Brand, if any, Quantity, with two columns providing for partial deliveries. Every purchase order issued should be entered.

B-1-L Purchase Record. This form is designed to furnish ready reference as to cost of individual commodities over any definite period of time. It further records price variation and indicates through experience the proper season for purchase.

SUPPLEMENTAL FORMS

BB—PURCHASE AND ISSUANCE

BB-1-A Gardener's Register. This form furnishes basis for computing cost of farm products.

BB-1-B Menu List. This form provides ready reference to daily menus for all hospital personnel.

TRAINING SCHOOL FOR NURSES

The systems of records proposed by Miss Alice F. Bell, Inspector of Nursing Schools for the State of Maryland, and by the New York State Board of Nurse Registration, are simple, and will answer the requirements in most instances. The forms suggested in our first report, and which are enumerated below, we believe are the

essential ones. If they do not fully meet your needs, it is recommended that you consider one of the two systems mentioned.

E-1-A Application.
E-1-B School Record.
E-1-C Reference Forms.
E-1-D Examination Forms.
It is recommended that standard forms be used for both family physician's and school physician's examination.
E-1-E Record Forms.
E-1-F Time Off Duty.
E-1-G Census Form—Nursing Department.
E-1-H Head Nurse's and Instructress' Report.

SOCIAL SERVICE

Elaborate social service printed forms are of very debatable value. There are, of course, some few forms that are desirable, but, after all, the important thing is that a comprehensive statement of social conditions be placed in the patient's medical history. To accomplish this purpose, simple blank history sheets will answer very nicely. As special activities develop in the social service department, there will be developed a need for special social service forms —but again attention is called to the extreme desirability of simplicity in hospital records.

F-1-F History. This form to be used for the entire social record and to be filed with medical record of patient. It should be originated in duplicate and the copy filed in Social Service Department's file.
F-1-B Investigation Notice. The reverse side of this card to be used as index of cases.
F-1-C Follow-Up Card.
F-1-D Relief Form. This form is submitted for guidance but is not recommended for general use.

OUT-PATIENT

The only difference between the medical in-patient and the medical out-patient, or the social service in-patient and the socal service out-patient record, is the type and size of forms. Due to the fact that out-patient records must of necessity be handled a great many times, it would seem highly desirable that out-patient forms be printed on cardboard or a more durable paper stock than is used for in-patient forms. The fundamentals of an out-patient system are identical with that of an in-patient system. Special forms will have to be developed from time to time.

Attention is called to the fact that in several instances the use of the unit system (that is, the combination of in-patient and out-patient record in one chart) is being successfully used. Where physical arrangements of the building permit of such development, the system is worthy of consideration. In most instances, however, under existing conditions, the in-patient and the out-patient records should contain abstracts of the patient's record while in the opposite department. Such abstracts can be made on or accompany the form provided for transfer from or to hospital (G-1-E).

G-1—ADMINISTRATION

G-1-A Attending Staff Register. See Form C-4-F.
G-1-B Information Card. See Form C-1-B.
G-1-C Follow-Up Card. See Form F-1-C.
G-1-D History Cover.
G-1-E Transfer to or from Hospital.
G-1-F Admission Card. This form is submitted for guidance. Local conditions will govern detail.

G-21—1 PROFESSIONAL

G-2-A History Forms. It is recommended that the same principle be followed as in Hospital Medical Records, i.e., that the use of special forms be avoided. There is, therefore, submitted a "First" card, and a "Second" card, the latter to be used for all subsequent data.
G-2-B Laroratory Forms. See recommended laboratory forms submitted under D-1-J and D-1-L.

LIBRARY

An ever increasing number of hospitals are developing libraries of medical literature for the use of their physicians and surgeons. It is essential that these books and periodicals be catalogued and filed in an orderly manner, in order that they may be quickly obtained when wanted. The forms needed to provide for such orderly procedure are comparatively simple and few in number. Those outlined in the report have been found (even in fairly large libraries) to suffice.

H-1-A Catalogue Card.
H-1-B Gift Card. Used for recording Donor's contributions to library.
H-1-C Periodical Card. Used for recording receipt of various issues of journals. It will quickly indicate last number received, missing issues, etc.
H-1-D Permission Cards. While these libraries are primarily for reference, occasions will arise, when it becomes desirable to permit of limited circulation. A record should be made of every volume taken from the library.

DEPARTMENTAL REPORTS

It is desired in the following paragraph to illustrate the usages to which a system of records may be put. The attention of the members of the Association was directed in the paragraph of "analysis" to the fact that the system provided would be of no value without current reports from the various departments. The scope of these reports may be extended to any degree desired by the administrator. The illustrations given are but suggestive. Most of them have a general application.

Perhaps the greatest problem in the Housekeeping Department is that of supervision due to the decentralized nature of the work. Cleaning Schedules prepared in advance, checked as to completion and filed in the administrator's office not only will insure a degree of completion of work but will also keep the administrative officer advised of the volume of work being done.

The question of whether laundry performance should be measured on a pound or a piece basis is a controversial one. No brief is held for either system. Sufficient to say that a knowledge of the volume of work done, a daily study of its volume in an attempt to reduce excessive work on given days, and a comparative study of unit costs will unquestionably reflect a higher grade of performance.

It is impossible to be too inquisitive so far as the mechanical performance of the institution is concerned. Instruments of precision will always justify the expense of their installation. It is not sufficient that the Chief Engineer know these records. It is believed highly important that the Administrative Officer know them. The percentage of ash to fuel, the consumption of fuel, by day and by shift; electrical current consumption by hours, ice manufactured, all have a direct bearing on the efficiency of operation.

In the maintenance departments there are two problems, the first is the early recognition of the need for repairs and the prompt completion of the repair. Repair requisitions should come through the administrative office, not only that there may be a control of the character of work requested but also that there may be a general picture of the physical condition of the plant. If work is not being done currently, such a condition will reflect itself in the repetition of request for repair.

All who operate ambulances are confronted with the problem of cost and the complaints that such a service produces. A proper system of trip reports, trip costs, mileage cost, will be illuminating.

If the size of the institution is at all large, the maintenance of personnel is a problem requiring considerable study. A daily census of occupancy, periodic computation of per capita cost, and comparable figures will be enlightening. A routine departmental explanation of absenteeism will have a beneficial effect.

In the nursing department a comparison of the number of actual nursing hours per nursing unit, with the patient day occupancy on those units, will be a measure of relative efficiency of personnel.

The proper system will permit of the establishment of a unit cost of training student nurses that would throw considerable light on a relatively unknown subject.

The number of operations, the number of ambulatory emergencies, the number of anesthetics and their type, the number of X-ray, divided as between fluoroscopic, radiographic and therapy, and the type and number of laboratory examinations all have a very definite bearing.

Meals served should first be divided as between patients, personnel and guests' meals. The patient's meals should further be divided as between House, Light, Liquid and Special Diets. From these basic figures, together with a statement of cost of operation as taken from the monthly statement, the cost per patient per day for served meal, the cost per patient per day for raw food, all are of great value.

These are but a few of the usages to which this system may be put.

CONCLUSION

As indicated in the introduction, this report is primarily a compilation of previous reports. We have, however, endeavored to further discuss and explain the methods and procedures involved in the use of the systems proposed and to rearrange the order of presentation in order to place it before you in a more logical sequence.

A report or discussion of the details of recording and accounting is uninteresting to most people because it is difficult to concentrate the attention upon abstract problems for any length of time, and especially so when the discussion does not seem to have direct application to one's own concrete situation.

It is impossible to present a system of accounts and records that will be capable of uniform application in all hospitals. For this reason, a detailed explanation or description of the various forms suggested was avoided. When an institution contemplates changing its present methods or a new hospital installs its record system, it is recommended that they intimately study the report of this Committee, together with the various forms suggested by it, and then adapt those forms to meet the situation.

The principles enumerated in our reports are believed to be sound and practical, and applicable in all instances. If they are followed, and if the financial statistics published in annual reports are presented in accordance with the Chart of Accounts recommended, and the professional statistics in accordance with the systems sug-

gested, hospital statistics in general will be of greater value to all of us.

There are those in our Association who believe that too much time is spent in discussing accounts, collections, and records in general, feeling that more time should be given to discussions of "service" and more effort should be made in "humanizing" our institutions.

The intimate knowledge to be gained from records accurately maintained and routinely prepared at the time of performance will give the administrator and other hospital authorities the opportunity to expend their funds in such manner as to provide a maximum of service to the community and to exercise a degree of control over the institution's activity that is otherwise impossible. This is as important in the smallest hospital as well as in the largest; in fact, because change of executives occurs more frequently among the smaller institutions, it may be said to be more important that they maintain careful and accurate records, so that comparative statistics may be prepared for their guidance and control. Comparison with the performance of similar institutions elsewhere is highly desirable and important in evaluating the performance of any individual institution, provided justifiable comparisons can be made. At the present time but few such comparisons are possible because of lack of uniformity in compiling statistics. As members of this Association it is believed that all should strive to improve this situation, and your Committee believes that an earnest endeavor by all hospitals to conform to the suggestions we have made will redound to the benefit of the entire field.

The funds expended in keeping accounts and records may at times seem out of proportion to the work performed, but we believe that the system here suggested, properly adjusted to the individual hospital, will always justify its cost.

We realize that a lengthy detailed report such as this does not readily lend itself to discussion, but will have its greatest value when studied in detail in connection with individual practices.

Your Committee recommends the adoption of the various recommendations contained in the report and urges the members of the Association to study the methods and practices of their own institutions in comparison with those suggested herein and in our previous reports, to the end that where possible their practices may be made to conform with those suggested herein and previously adopted as standard by the Association. We further invite comment or criticism upon the recommendations submitted.